

§ 882.505 Agreement to enter into housing assistance payments contract.

Prior to the commencement of any rehabilitation under this part, the PHA must enter into an Agreement with the Owner in the form prescribed by HUD.

§ 882.506 Rehabilitation period.

(a) *Timely performance of work.* After execution of the Agreement, the Owner must promptly proceed with the rehabilitation work as provided in the Agreement. In the event the work is not so commenced, diligently continued, or completed, the PHA will have the right to rescind the Agreement, or take other appropriate action.

(b) *Inspections.* The PHA must inspect, as appropriate, during rehabilitation to ensure that work is proceeding on schedule and is being accomplished in accordance with the terms of the Agreement, particularly that the work meets the acceptable levels of workmanship and materials specified in the work write-up.

(c) *Changes.* (1) The Owner must submit to the PHA for approval any changes from the work specified in the Agreement which would alter the design or the quality of the required rehabilitation. The PHA may condition its approval of such changes on a reduction of the Contract Rents. If changes are made without prior PHA approval, the PHA may determine that Contract Rents must be reduced or that the Owner must remedy any deficiency as a condition for acceptance of the unit(s).

(2) Contract Rents may not be increased except in accordance with provisions of § 882.408(d).

(d) *List of vacancies.* In order that the unit(s) might be promptly occupied, 60 days prior to the scheduled completion of the rehabilitation, the Owner must notify the PHA of any unit(s) which will be vacant on the anticipated effective date of the Contract. The PHA will notify Families of the appropriate size on its waiting list of the availability of the unit.

§ 882.507 Completion of rehabilitation.

(a) *Notification of completion.* The Owner must notify the PHA when the work is completed and submit to the

PHA the evidence of completion and certifications described in paragraphs (b) and (c) of this section.

(b) *Evidence of completion.* Completion of the unit(s) must be evidenced by furnishing the PHA with the following:

(1) A certificate of occupancy and/or other official approvals as required by the locality.

(2) A certification by the Owner that:

(i) The unit(s) has been completed in accordance with the requirements of the Agreement;

(ii) The unit(s) is in good and tenantable condition;

(iii) The unit(s) has been rehabilitated in accordance with the applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials;

(iv) Any unit(s) built prior to 1973 are in compliance with § 882.404(c)(3) and § 882.404(c)(4).

(v) If applicable, the Owner has complied with the provisions of the Agreement relating to the payment of not less than prevailing wage rates and that to the best of the Owner's knowledge and belief there are no claims of underpayment concerning alleged violations of said provisions of the Agreement. In the event there are any such pending claims to the knowledge of the Owner, PHA or HUD, the Owner will be required to place sufficient amount in escrow, as determined by the PHA or HUD, to assure such payments.

(c) *Actual cost and rehabilitation loan certifications.* The Owner must provide the PHA with a certification of the costs incurred for the rehabilitation and any temporary relocation as well as the interest rate and term of any rehabilitation loan. The Owner must certify that these are the actual costs, interest rate, and term.

The PHA must review for completeness and accuracy and accept these certifications subject to the right of post audit. The PHA must then establish the Contract Rents as provided in § 882.408 which will be subject to reduction based on a post audit.

(d) *Review and inspections.* The PHA must review the evidence of completion for compliance with paragraph (b)